

Indiana Course-Aligned Assessment
Economics – Sample Items

1. Which of the following incentives would encourage more consumers to purchase houses?

A an increase in property taxes

B an increase in the national unemployment rate

C a decrease in rental rates for apartments

D a decrease in mortgage interest rates

2. A government imposed restriction on the number of imported goods from another country is called a(n) _____.

A subsidy

B export

C tariff

D quota

3. Explain how taxing and spending policy can be used to promote economic stability during an economic downturn. How will these policies affect the federal budget?

Answer Key

Item	Answer	Alignment
1	D	E.1.4
2	A	E.8.3
3	<p>During a recession, taxes can be decreased and government spending can be increased.</p> <p style="text-align: center;">OR</p> <ul style="list-style-type: none">• During inflation, taxes can be raised and government spending can be reduced. <p style="text-align: center;">AND</p> <ul style="list-style-type: none">• Fiscal policy during a recession usually results in deficits which add to the national debt. <p style="text-align: center;">OR</p> <ul style="list-style-type: none">• Fiscal policy that fights inflation usually results in surpluses that reduce or lower the debt.	E.7.5

